

**NOTICE OF STANDARDS TO BE EMPLOYED IN THE REVIEW
OF APPLICATIONS FOR THE ALLOWANCE OF COMPENSATION
AND THE REIMBURSEMENT OF EXPENSES**

All applications for compensation and reimbursement must comply with 11 U.S.C. §§ 330 and 331, Bankruptcy Rules 2002(a)(6) and 2016, Local Bankruptcy Rules 9013-1(a) and 2016-1, and U.S. Trustee Guides.

These statutes, rules, and guides do not provide applicants with guidance on many issues. In fairness to applicants, I have prepared these standards so they may have adequate notice of my concerns. Please be aware of these standards in preparing your applications for compensation and reimbursement.

**IF AN APPLICANT FAILS TO COMPLY WITH THESE STANDARDS, COMPENSATION AND/OR
REIMBURSEMENT MAY BE DENIED UNTIL THERE IS COMPLIANCE.**

The following standards shall apply to all applications filed after June 1, 1990.

Usually Reimbursable Expenses

1. Postage;
2. Long distance telephone charges;
3. The cost of using messenger services;
4. Filing fees;
5. The actual cost of the telecopying of documents.

Each application should set forth the number of pages that were received by telecopier. I will not allow a reimbursement of more than ten cents per pages unless a declaration under penalty of perjury accompanies the application and demonstrates that the actual costs of receiving one page of a telecopied document exceeds ten cents. I will not allow reimbursement for the cost of transmitting a document by telecopier except for any long-distance phone charges. These phone charges should be described and listed with other long distance phone charges;

6. The actual cost of computer research services. The applicant should describe specifically what service was used, the per unit cost of the service, the number of time units used by applicant, and the total cost;

7. The actual cost of photocopying documents.

Each application should set forth the number of pages that were copies and the charge per page. I will not allow a reimbursement of more than ten cents per page unless a declaration under penalty of perjury accompanies the application and sets forth specific and convincing justification for a higher per page rate.

If an applicant requests a disproportionately large reimbursement for any of the forgoing items of expense, a specific and convincing explanation should be set forth in an accompanying declaration. If the applicant receives volume discounts or rebates on any costs for which applicant seeks reimbursement these discounts or rebates must be disclosed in the application.

Expenses Usually Not Reimbursable

1. Word processing.
2. Secretarial overtime.
3. Travel expenses for "first class" or other luxury transportation, unless an accompanying declaration states that:
 - (a) an emergency existed;
 - (b) what the emergency was; and
 - (c) a lower fare was not available.

ALLOWANCE OF FEES

1. Fee rates must be comparable to those charged by similarly experienced and skilled professionals, with bankruptcy and non-bankruptcy practices, in the Central District of California. Upon review of any application for allowance of fees, the court may require the applicant to provide evidence that its rates are comparable to prevailing rates in the Central District of California.
2. Whenever an applicant's rates are changed while the case is pending, it is the applicant's duty to apprise the court of the change in the first fee application submitted after the change occurs. Compensation shall be allowed at the rate in effect when the services in question were provided.

FORM OF APPLICATIONS

- A. The following information must be included at the beginning of each fee application before the narrative description of services:
 - (1) Name and location of applicant.
 - (2) Types of services rendered, i.e., general bankruptcy counsel, special litigation counsel, accountant for Chapter 7 trustee, etc..
 - (3) The date upon and the chapter in which the case was commenced and, if applicable, the date the case was converted to a different chapter.
 - (4) The date of entry of the order approving the applicant's employment and the date upon which the applicant's employment commenced.
 - (5) The date applicant filed his, her, or its last fee application.
 - (6) A summary of fees paid and costs reimbursed including the following:
 - a. Amount of advance fee payment received.
 - b. Amount of advance fee payment remaining.
 - c. Total amount actually paid pursuant to prior applications.
 - d. Total amount remaining to be paid pursuant to prior applications.
 - e. Total amount allowed yet reserved pending final fee application.
- B. The narrative portion of the application must include the following:
 - (1) A description of the history and progress of the bankruptcy case in general. When seeking interim compensation in a Chapter 11 case, counsel for the debtor-in-possession should discuss prospects for reorganization and provide a specific time estimate for submission of the disclosure statement and plan. When seeking interim compensation in a Chapter 7 case, the trustee or counsel for the trustee must provide an estimate as to when the final report will be filed.
 - (2) The narrative portion of the application should also provide a description of services by subject matter, i.e., "obtaining approval of cash collateral," "fraudulent transfer litigation," etc. This portion of the narrative should concisely describe the different aspects of the services provided, the results achieved, the number of hours spent, and the amount of compensation being sought for the particular type of services.
 - (3) Each application should set forth the "blended rate" of the applicant. This is the average hourly rate for all of applicant's personnel who performed services described in the fee application.

HON. VINCENT P. ZURZOLO
United States Bankruptcy Judge